



Environmental Services Division
Energy and Waste Management Bureau

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Gasoline Prices Climb in Iowa

Iowa gasoline prices are significantly higher across the state as crude oil supply is lower and market speculation has driven stock prices higher in recent weeks. Traditional summer price increases have come early this year for Iowa residents as refineries perform scheduled maintenance tasks and other refineries have experienced unexpected production delays due to fires and mechanical issues. Meanwhile, lower supply and higher demand in Europe have contributed to a decrease in U.S. supply. Prices in Iowa are up \$0.32 on average in March to \$2.47 per gallon of mid-grade gasoline blended with 10 percent ethanol. That is just under a 15 percent increase over last month's average of \$2.15 per gallon of the same grade. Iowa prices are right on pace with increases across the nation. Prices rose nationally just over 14 percent to \$2.56 a gallon for regular unleaded gasoline, up from \$2.24 last month, actual cost increases were right in step with Iowa increases at \$0.32 per gallon.

"The higher prices are mostly due to the smaller crude supply. Speculators have driven the prices up \$0.32 a gallon across the state in just 4 weeks," said Brian Crowe, an Iowa Department of Natural Resources Energy Analyst. "It is becoming increasingly apparent that fuel prices will increase yet again this summer. With refineries slowing production, an increased demand from around the world, and traditional higher demand gasoline in the summer, we will see higher prices this summer, if production doesn't increase."

Heavy investor speculation in world markets is fueling price increases mainly due to sharp drops in worldwide crude oil stocks. Last week U.S. crude stocks alone plummeted by 4.8 million barrels. On average this year industrialized nations' stocks have fallen 1.26 million barrels per day. OPEC's promised production cuts from last year have been more vigorously adopted in recent weeks. The Organization of Petroleum Exporting Countries, had struggled through the fourth quarter of 2006 and the early part of the first quarter in 2007 to reach lower production goals as member countries continued to produce beyond the agreed upon quota limits. Today in Vienna, OPEC meet with Angola for the first time as an organizational member and discussed the future production schedule, which is likely to remain at lower output levels. The group now consisting of 12 member nations agreed upon cuts in production of 1.7 million barrels a day in meetings in October and December of 2006, because of what they termed "oversupply." The actual production cuts have been around 1 million barrels a day, cutting the organizations output to 30.2 million barrels of crude oil per day.

Crude oil stocks are at their lowest point since September 2004, this comes after an 8-year high in stock was reported in January. Last week stocks dipped by 4.8 million barrels to 324.2 million barrels, but some of the large drop in supply was due to problems in the Houston Ship Canal. Still the stock numbers are 10.9 million barrels lower than at this point last year.

On March 14, natural gas was trading at \$7.52/MMBtu, \$0.26 lower than last month. But, that is still a 4.9 percent increase in price from last year when natural gas sold for \$7.17/MMBtu.

A survey completed by the Iowa Department of Natural Resources on March 12th indicated that the average retail price of heating oil in Iowa was \$2.38 per gallon, \$0.22 higher than last month and \$0.23 higher than the price of heating oil at this time last year largely due to crude oil supply reductions. The same survey found that propane was selling for an average of \$1.50 per gallon across the state, \$0.01 higher than a month ago, and \$0.05 higher than \$1.45 price from this time last year.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	3/15/07	2/09/07	Difference
Ames	\$2.46	\$ 2.12	\$+0.34
Cedar Rapids	\$2.49	\$ 2.16	\$+0.33
Council Bluffs	\$2.42	\$ 2.12	\$+0.30
Davenport	\$2.47	\$ 2.19	\$+0.28
Des Moines	\$2.42	\$ 2.09	\$+0.33
Dubuque	\$2.46	\$ 2.25	\$+0.21
Fort Dodge	\$2.47	\$ 2.11	\$+0.36
Iowa City	\$2.50	\$ 2.19	\$+0.31
Sioux City	\$2.46	\$ 2.10	\$+0.36
Waterloo	\$2.45	\$ 2.14	\$+0.31
Webster City	\$2.48	\$ 2.17	\$+0.31
Average Metro Price	\$2.47	\$ 2.15	\$+0.32

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	3/15/07	2/9/07	Difference
Regular Unleaded with 10% Ethanol	\$2.47	\$2.15	\$+0.32
Regular Unleaded	\$2.50	\$2.18	\$+0.32
Premium Unleaded	\$2.52	\$2.19	\$+0.33
Diesel	\$2.72	\$2.49	\$+0.23

Source: AAA Fuel Gauge Report, www.fuelgaugereport.com

Heating Fuels Survey

Heating Fuel Type	3/12/07	2/14/07	Difference
Natural Gas	\$7.52/MMBTU	\$7.78/MMBTU	-\$0.26
Propane	\$1.50	\$1.49	+\$0.01
#2 Heating Oil	\$2.38	\$2.16	+\$0.22

Sources: Wall Street Journal, Iowa Department of Natural Resources